

Board of Examiners
Board Minutes- July 21, 2016
1120 E. Diehl Road, Suite 165
Naperville, IL 60563

Board Members present: Sheldon Holzman, CPA, Simon Petravick, CPA, Rhonda Kodjayan, CPA, Howard Engle, CPA, Thomas Winkler, CPA, JD, James Kelley, CPA

Board Members absent: Larry Wojcik, CPA, JD, Sara Mikuta, CPA, Jeannie Folk, CPA

Staff present: Russ Friedewald, Executive Director, Matt Hoffman, Business Manager, Carlarta Ratchford, Assistant Director for Evaluation Services

Guest present by phone: Marty Green, IL CPA Society Vice President for Legislative Affairs

Chairman Holzman called meeting to order at 10:01 am

ACTION- Mr. Holzman asked for a motion to approve the minutes of the April 19, 2016 Board meeting. The motion was made by Mr. Kelley and seconded by Mr. Engle. The motion passed by unanimous voice vote.

Report of the Chair:

Mr. Holzman discussed the recent UAA exposure draft and asked that any comments from board members should be directed to Mr. Friedewald no later than August 20.

Mr. Holzman reviewed the recent NASBA Regional meetings held in North Carolina and Colorado and mentioned that two members of the Public Accounting Regulatory and Licensing Committee attended the Eastern Regional. Mr. Holzman also mentioned that the Secretary of the Illinois Department of Financial and Professional Regulation attended the Western Regional. Mr. Holzman also reported that nominations for regional director were taken at each of the regional breakout sessions and he was nominated for regional director for the Great Lakes region at that time.

Report of the E.D.

ACTION- Mr. Friedewald discussed the statistics for the second quarter, 2016 examination window and asked for a motion for approval of the scores. Mr. Winkler made the motion and it was seconded by Dr. Petravick. The motion carried by unanimous voice vote.

ACTION- Mr. Friedewald discussed the new CPA exam scheduled for first administration during the second testing window of 2017 beginning April 1st. Mr. Friedewald explained that due to the lack of statistical data for the new examination, it will be necessary to delay score reporting from the first administration for 10 weeks following the close of the testing window on May 31st. This delay may impact some candidates completing the 18 month cycle on completing the examination process. A proposal for accommodating any of these candidates was presented to

the Board for consideration and Mr. Friedewald asked for a motion to approve the proposal. Mr. Holzman made the motion and Mr. Kelley seconded. The motion carried by unanimous voice vote. **(Proposal attached)**

Mr. Friedewald advised the Board that the Administrative Rules had been promulgated and were effective as of July 7, 2016.

Mr. Friedewald advised the Board of the current staffing levels and current workload of the staff and that workloads were manageable.

Mr. Friedewald discussed with the Board the charges for employee benefits for staff and that due to the current legislative mandate, benefit costs were higher for the Board of Examiners than the normal university employees. We are still in discussions with NIU in other cost saving matters.

Mr. Friedewald advised the members of initiatives undertaken to stimulate interest in the CPA as well as introduce high school students to the profession. He and the Assistant Director for Certification, Tia France have been involved in outreach to the Chicago Public School System as well as "After School Matters" and other programs will also be contacted to encourage diversity and pipeline interest.

Legislative update-- Marty Green

Mr. Green provided an overview of current legislative initiatives as well as an update on the current status of the Illinois budget and the passage of a 600 million dollar stop gap budget.

ILBOE Committee reports

Administrative Committee- Mr. Winkler- No report

Candidacy Committee- Dr. Petravick- No report

Education Advisory Committee- Dr. Petravick

Multi test takers-- Dr. Petravick distributed multi test statistics which shows a number of candidates that have taken the CPA exam a multitude of times. Following a brief discussion, the Board indicated they did not want to take any action at this time, but may want to re-visit the issue at a later date.

ICPAS Diversity summit-- Dr. Petravick advised the IL CPA Society had a large turn- out at the summit. Dr. Petravick reported this summit was designed to report on issues and what various minority groups were doing, but no further action or next steps to accomplish were developed.

NASBA Data Summit—Dr. Petravick reported he and Mr. Friedewald attended a data summit hosted by Brigham Young University. The summit was held to exchange information on

various statistics about the CPA examination including pass rates, average ages, probability of completing all parts, etc. The summit raised many questions about the exam such as why students quit the process, etc. Dr. Petravick suggested doing a pilot study to see why candidates quit and suggested perhaps NASBA Education Committee could provide a grant or would be willing to explore this issue. Dr. Petravick indicated he will work with his faculty and NASBA to pursue this initiative.

Finance Committee- S. Mikuta/M. Hoffman- Mr. Hoffman discussed with the Board the most recent financial statement and that the totals for fiscal year 2016 would not be available until mid-August.

Nominating Committee- H. Engle- No report—Committee has been dissolved by the adoption of new administrative rules.

State Liaison Committee- T. Winkler- No report- Committee dissolved.

Strategic Planning Committee- R. Kodjayan- Ms. Kodjayan reported a meeting would be held the following Monday afternoon, July 25th.

NASBA/AICPA committees

Communications Committee- J. Kelley- Mr. Kelley advised the Board that he and Mr. Friedewald attended the Communications breakfast at the Eastern Regional and that Mr. Friedewald spoke to the group on the outreach initiatives Illinois is undertaking to advance diversity and expose secondary students to the profession as well as other initiatives in the planning stage.

Compliance Assurance Committee- L. Wojcik- No report

Education Committee- R. Kodjayan- Ms. Kodjayan reported she is on the grant subcommittee of the Education Committee and that they reviewed a total of 14 grant proposals, with three grants being approved.

Ethics & Strategic Issues Committee- S. Holzman- Mr. Holzman reported the Committee reviewed two exposure drafts, one from PEEC and the other dealing with international auditing standards.

Global strategies Committee- H. Engle—No report

Nominating Committee- S. Holzman—Mr. Holzman again shared that he has been nominated for the position of Regional Director for the Great Lakes Region. Due to Mr. Holzman being slated as Great Lakes Regional Director, he has submitted his resignation as the Alternate for the Nominating Committee. Mr. Holzman also shared that Ted Long of Ohio had been nominated as Vice-Chair of NASBA.

Regulatory Response Committee- S. Mikuta- No report

AICPA

Board of Examiners- S. Holzman/ T. Winkler—Mr. Holzman and Mr. Winkler discussed the ongoing activities of the Board of Examiners and the development of the new examination due for first administration on April 1, 2017. The most recent meeting had been held in Durham, NC with the next meeting to be held in September in San Diego, CA.

Unfinished business – As a Committee of the Whole, the Board discussed a possible nominee for the replacement of Mr. Winkler whose second term was expiring on July 31. Mr. Kent Reeves name was brought forward as a possible candidate and following a brief discussion with no other names being brought forward, Mr. Holzman made a motion to nominate Mr. Reeves to the Governor to replace Mr. Winkler. The motion passed after some discussions. Mr. Holzman suggested that in the future a list of nominees should be developed for future candidates. Mr. Friedewald was directed to draft a letter to the Governor nominating Mr. Reeves and asking for the reappointment of Ms. Sara Mikuta for another term.

New business

Executive session--Mr. Kelley motioned to go into executive session. Ms. Kodjayan seconded the motion and motion passed by voice vote.

The Board came out of Executive Session and voted to approve the recommendations from Executive Session regarding increasing the compensation of the Executive Director by \$2,000 on an annual basis

Mr. Holzman adjourned the first meeting.

SECOND meeting

Call to order-

Mr. Holzman convened the second meeting of the Committee of the Whole for the purpose of electing officers for the fiscal year, 2017.

Mr. Holzman advised the Committee of the Whole that he wanted to run for a second term and that he had discussed his intentions with Mr. Kelley. Mr. Kelley indicated he would have no objection. Mr. Holzman nominated himself to chair for a second consecutive term. Ms. Kodjayan seconded the motion and following discussion, Mr. Holzman asked for any other nominations. No other nominations were made and Mr. Holzman was elected Chair by unanimous acclamation.

Ms. Kodjayan nominated Mr. Kelley for vice chair. Mr. Holzman seconded the motion. No other nominations were made and Mr. Kelley was elected vice chair by unanimous acclamation.

Mr. Holzman announced that meeting dates for the coming year would be announced at a later date.

Mr. Holzman adjourned the meeting.

Consistent with Exam launches in the past, there will be a delay in the release of scores following the close of the initial testing window (second quarter of 2017). Scores will be released once, approximately 10 weeks after the close of the testing window. For the third and fourth quarters of 2017, scores for all candidates will be released once, approximately 10 days after the close of each testing window. The delay in score releases for the Q2, Q3 and Q4 testing windows provides sufficient time to statistically validate candidate performance on the next Exam. In the first quarter of 2018, it is expected that the existing average 20-day rolling score release timeline will resume.

Test Window	AICPA / Board of Examiners Review Exam Performance Data / Standard Setting	Approximate Release Date of Candidate Scores
2017 Q2 April 1 - May 31, 2017	10 weeks	August 14
2017 Q3 July 1 - September 10, 2017	10 days	September 22
2017 Q4 October 1 - December 10, 2017	10 days	December 22

Candidates testing in Q2, 2017 will be significantly impacted by the 10 weeks delay in score reporting. As an example, a candidate who has passed 3 parts and has credit expiring August 1, 2017 (or anytime in Q3) tests in Q2 2017 and fails. The candidate will not receive their score until August 14, 2017, and it is unlikely they will be able to prepare to retest or schedule to test in Q3 and will need to be granted an extension to the August 1, 2017 (or actual) expiration date. Candidates with existing conditional credit that is expiring within Q3 should be identified and consideration given to ensuring conditional credit is extended.

It is recommended that all boards consider extending conditional credit of those candidates impacted by the delays in score reporting in Q2, 2017 to December 31, 2017.

Candidates testing in Q3 & Q4 will receive scores on September 22, 2017 and December 22, 2017, respectively, and may have ample opportunity to test in the next testing window. However, conditional credit for these candidates should be considered and handled on a case-by-case basis.

The National Candidate Database is designed to prohibit expiration of conditional credit until an advisory score is received if the candidate attended the examination by the date of the score expiration. This will allow NASBA time to identify any impacted candidates and update credit expiration dates. NASBA will provide reports to boards identifying all candidates who test in Q2 2017 who have credit expiring and could be impacted by the delay in score reporting.